

103D CONGRESS  
1ST SESSION

# H. R. 592

To amend the Internal Revenue Code of 1986 to increase to 32 cents per pack the Federal excise tax on cigarettes and to provide that the revenues from the additional tax shall be deposited in the Federal Hospital Insurance Trust Fund under the Social Security Act.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1993

Mr. JACOBS introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase to 32 cents per pack the Federal excise tax on cigarettes and to provide that the revenues from the additional tax shall be deposited in the Federal Hospital Insurance Trust Fund under the Social Security Act.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. INCREASE IN FEDERAL EXCISE TAX ON ALL**  
4 **CIGARETTES.**

5 (a) IN GENERAL.—Subsection (b) of section 5701 of  
6 the Internal Revenue Code of 1986 (relating to imposition  
7 of tax on cigarettes) is amended—

1           (1) by striking “\$12 per thousand (\$10 per  
2           thousand on cigarettes removed during 1991 or  
3           1992)” in paragraph (1) and inserting “\$16 per  
4           thousand”, and

5           (2) by striking “\$25.20 per thousand (\$21 per  
6           thousand on cigarettes removed during 1991 or  
7           1992)” in paragraph (2) and inserting “\$33.60”.

8           (b) FLOOR STOCKS.—

9           (1) IMPOSITION OF TAX.—On cigarettes manu-  
10          factured in or imported into the United States which  
11          are removed before October 1, 1993, and held on  
12          such date for sale by any person, there shall be im-  
13          posed the following taxes:

14                (A) SMALL CIGARETTES.—On cigarettes,  
15                weighing not more than 3 pounds per thousand,  
16                \$4 per thousand; and

17                (B) LARGE CIGARETTES.—On cigarettes,  
18                weighing more than 3 pounds per thousand,  
19                \$8.40 per thousand; except that, if more than  
20                6½ inches in length, they shall be taxable at  
21                the rate prescribed for cigarettes weighing not  
22                more than 3 pounds per thousand, counting  
23                each 2¾ inches, or fraction thereof, of the  
24                length of each as one cigarette.

1           (2) EXCEPTION FOR CERTAIN AMOUNTS OF  
2 CIGARETTES.—

3           (A) IN GENERAL.—No tax shall be im-  
4 posed by paragraph (1) on cigarettes held on  
5 any tax-increase date by any person if—

6                 (i) the aggregate number of cigarettes  
7 held by such person on such date does not  
8 exceed 30,000, and

9                 (ii) such person submits to the Sec-  
10 retary (at the time and in the manner re-  
11 quired by the Secretary) such information  
12 as the Secretary shall require for purposes  
13 of this subparagraph.

14 For purposes of this subparagraph, in the case  
15 of cigarettes measuring more than 6½ inches  
16 in length, each 2¾ inches (or fraction thereof)  
17 of the length of each shall be counted as one  
18 cigarette.

19           (B) AUTHORITY TO EXEMPT CIGARETTES  
20 HELD IN VENDING MACHINES.—To the extent  
21 provided in regulations prescribed by the Sec-  
22 retary, no tax shall be imposed by paragraph  
23 (1) on cigarettes held for retail sale on any tax-  
24 increase date by any person in any vending ma-  
25 chine. If the Secretary so provides with respect

1 to any person, the Secretary may reduce the  
2 30,000 amount in subparagraph (A) and the  
3 \$60 amount in paragraph (3) with respect to  
4 such person.

5 (3) CREDIT AGAINST TAX.—Each person shall  
6 be allowed as a credit against the taxes imposed by  
7 paragraph (1) an amount equal to \$60. Such credit  
8 shall not exceed the amount of taxes imposed by  
9 paragraph (1) for which such person is liable.

10 (4) LIABILITY FOR TAX AND METHOD OF PAY-  
11 MENT.—

12 (A) LIABILITY FOR TAX.—A person hold-  
13 ing cigarettes on October 1, 1993, to which any  
14 tax imposed by paragraph (1) applies shall be  
15 liable for such tax.

16 (B) METHOD OF PAYMENT.—The tax im-  
17 posed by paragraph (1) shall be paid in such  
18 manner as the Secretary shall prescribe by reg-  
19 ulations.

20 (C) TIME FOR PAYMENT.—The tax im-  
21 posed by paragraph (1) shall be paid on or be-  
22 fore March 31, 1994.

23 (5) DEFINITIONS.—For purposes of this sub-  
24 section—

1 (A) CIGARETTE.—The term “cigarette”  
2 shall have the meaning given to such term by  
3 subsection (b) of section 5702 of the Internal  
4 Revenue Code of 1986.

5 (B) SECRETARY.—The term “Secretary”  
6 means the Secretary of the Treasury or his  
7 delegate.

8 (6) CONTROLLED GROUPS.—Rules similar to  
9 the rules of section 5061(e)(3) of such Code shall  
10 apply for purposes of this subsection.

11 (7) OTHER LAWS APPLICABLE.—All provisions  
12 of law, including penalties, applicable with respect to  
13 the taxes imposed by section 5701 of such Code  
14 shall, insofar as applicable and not inconsistent with  
15 the provisions of this subsection, apply to the floor  
16 stocks taxes imposed by paragraph (1), to the same  
17 extent as if such taxes were imposed by such section  
18 5701.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 subsection (a) shall apply to cigarettes removed after  
21 September 30, 1993.

22 **SEC. 2. TRANSFER OF ADDITIONAL REVENUES TO FEDERAL**  
23 **HOSPITAL INSURANCE TRUST FUND.**

24 (a) IN GENERAL.—There are hereby appropriated for  
25 deposit into the Federal Hospital Insurance Trust Fund

1 established under section 1817(a) of the Social Security  
2 Act amounts determined by the Secretary of the Treasury  
3 or his delegate to be equivalent to—

4           (1) the excess of the amount of the taxes re-  
5 ceived in the Treasury under section 5701(b) of the  
6 Internal Revenue Code of 1986 over the amount  
7 which would be so received if section 1 of this Act  
8 had not been enacted, reduced by

9           (2) the amount of credits or payments allowable  
10 under such Code which are properly chargeable  
11 against the amount of such excess.

12       (b) METHOD OF TRANSFER.—The amounts appro-  
13 priated by subsection (a) shall be transferred at least  
14 monthly from the general fund of the Treasury on the  
15 basis of estimates made by the Secretary of the Treasury  
16 or his delegate of the amounts referred to in subsection  
17 (a) received in the Treasury. Proper adjustments shall be  
18 made in the amounts subsequently transferred to the ex-  
19 tent prior estimates were in excess of or less than the  
20 amounts required to be transferred.

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